



# NEWS RELEASE

**STATE BOARD  
OF EQUALIZATION**

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Second District

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**FOR IMMEDIATE RELEASE**

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**LEONARD ANNOUNCES FIRST QUARTER 2004 TAXABLE SALES  
AND PRELIMINARY FIGURES FOR THIRD QUARTER 2004**

Bill Leonard, Member of the California State Board of Equalization, today announced that taxable sales in California rose during the first quarter of 2004, marking the seventh consecutive increase in quarterly growth. Transactions subject to the sales and use tax totaled \$113.9 billion during the first quarter of 2004, an increase of \$9.4 billion or 9.0 percent from the first quarter of 2003.

In constant dollar terms, taxable sales increased by 9.3 percent over the same quarter a year ago. The California Taxable Sales Deflator measured a slight deflation rate of 0.20 percent for the first quarter of 2004.

Retail stores posted taxable sale of \$80.2 billion, an 11.2 percent increase over the same period a year ago. Retailers of durable goods experienced a 13.9 percent increase, while non-durable goods showed an 8.4 percent increase.

In the durable goods category, new car dealers posted taxable sales of \$14.1 billion during the first quarter, a 9.4 percent increase over the same period a year ago. Construction contractors saw strong growth over the same period a year ago with taxable transactions of \$4.3 billion, an increase of 8.5 percent. Additionally, retailers of building materials registered extremely high growth in sales. Building material dealers posted taxable sales of \$8.2 billion, up 32.9 percent from a year earlier.

Gasoline consumption was up moderately, showing a growth of 4.4 percent and measured 3.9 billion gallons. Additionally, the average price of gasoline during the first quarter was \$1.760, a 2.2 percent increase from the previous year's price. Service Stations total sales yielded \$7.2 billion, resulting in an 8.3 percent increase over the same period last year.

Business and personal services taxable transactions continued a trend of positive growth, showing \$5.3 billion or a moderate increase of 5.8 percent over the same period a year ago. All other outlets, comprised primarily of manufacturing and wholesale businesses, saw their taxable transactions improve by 3.9 percent on \$28.4 billion.

**Preliminary Third Quarter 2004 Taxable Sales**

For third quarter 2004, preliminary statewide calculations of taxable sales show an increase over the actual figures for the same quarter a year ago.

BOE estimates that California businesses completed approximately \$123.4 billion in transactions subject to the sales and use tax during the third quarter of year 2004 -- an increase

of about 4.1 percent over the third quarter 2003 final total of \$118.5 billion.

Recent taxable sales and their year-to-year percent changes are shown below:

	<u>1<sup>st</sup> Qtr.</u>	<u>2<sup>nd</sup> Qtr.</u>	<u>3<sup>rd</sup> Qtr.</u>	<u>4<sup>th</sup> Qtr.</u>
Taxable Sales (millions)				
2001	104,176	112,318	109,283	115,740
2002	100,957	111,017	112,170	116,805
2003	104,453	114,478	118,466	122,700
2004	113,887	121,422 (est.)	123,359 (est.)	
Year-to-Year Percent Change				
2001	4.3	1.2	-2.9	-2.3
2002	-3.1	-1.2	2.6	0.9
2003	3.5	3.1	5.6	5.0
2004	9.0	6.1(est.)	4.1(est.)	

“The healthy increase in third quarter sales is a good indication that the California economy is continuing its recovery,” said Leonard.

It is important to note that these third quarter 2004 figures are preliminary, based on raw sales tax receipts tabulated before adjustments for any late tax returns. Figures for cities and counties will not be available for another nine months.

Bill Leonard, of Sacramento/Ontario, was elected to his first term as Second District Member of the State Board of Equalization in 2002. Prior to his election, he served in the State Assembly (1978-1988, 1996-2002) and in the State Senate (1988-1996).

The five-member Board of Equalization is a publicly elected tax board. The Board collects nearly \$42 billion annually in taxes and fees supporting state and local government services. It acts as the appellate body for franchise and personal income tax appeals, and also plays a significant role in the assessment and administration of property tax.

Other Board Members include Betty T. Yee of San Francisco, Acting Member, First District; Claude Parrish of Long Beach, Third District; Chairman John Chiang of Los Angeles, Fourth District and State Controller Steve Westly.

*(First Quarter 2004 lists of Statewide Taxable Sales by Type of [Business](#), Taxable Sales by [County](#) and Taxable Sales By [City](#))*

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